

Message Text

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ORIGIN OPIC-06

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DRAFTED BY OPIC/ID/NEA:FMCLJOHNSTON,JR.:JCD

APPROVED BY EB/IFD/OIA:RJSMITH

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

UNCLAS STATE 265977

E.O. 11652: N/A

TAGS: EINV

SUBJECT: APPLICATION FOR OPIC POLITICAL RISK INSURANCE
265-74-406 (STARRETT HOUSING CORP.)

1. STARRETT HOUSING CORPORATION IS REQUESTING PROMPT
DECISION FROM OPIC WITH RESPECT TO INSURANCE FOR EQUITY,
LOAN, LOAN GUARANTY AND TECHNICAL SERVICES AGREEMENTS TO BE
CONCLUDED BY STARRETT AND ITS AFFILIATES IN CONNECTION WITH
CONSTRUCTION OF 6,000 CONDOMINIUM APARTMENTS AND ASSOCIATED
FACILITIES AT FARAHZAD SITE IN TEHRAN. ALTHOUGH DEFINITIVE
EMBASSY COMMENTS WILL BE REQUESTED AFTER IT RECEIVES
DETAILS OF STARRETT'S APPLICATION, OPIC WOULD APPRECIATE
CABLED EMBASSY COMMENTS ON PRELIMINARY BASIS IN PREPARATION
FOR UPCOMING OPIC BOARD MEETING.

2. STARRETT CONTEMPLATES CONSTRUCTION OF 6,000
CONDOMINIUM UNITS IN THREE PHASES OF ABOUT 2,000 UNITS
EACH, WITH ULTIMATE POSSIBILITY OF 17,000 UNITS AT FARAHZAD

SITE. SEVEN STARRETT AFFILIATES IN IRAN (EACH WITH 20
PERCENT IRANIAN OWNERSHIP) WILL MAKE 5 MILLION DOLLARS
DOWN PAYMENT FOR INITIAL LAND PARCELS AND FOR OPTION FOR
ADDITIONAL LAND PURCHASES FROM BANK OMRAN. UNDER SERVICE
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AGREEMENTS TWO WHOLLY OWNED STARRETT AFFILIATES IN IRAN

WILL PROVIDE CONSTRUCTION SUPERVISION AND SALES SUPERVISION SERVICES TO THE LAND OWNING COMPANIES AND A U. S. SUBSIDIARY OF STARRETT WILL PROVIDE OVERALL PROJECT MANAGEMENT SERVICES. STARRETT WILL GUARANTEE A U. S. BANK CONSTRUCTION LOAN OF ABOUT 40 MILLION DOLLARS TO THE LAND OWNING COMPANIES.

3. STARRETT INDICATES TENTATIVELY THAT OPIC INSURANCE WILL BE REQUESTED FOR EQUITY INVESTMENTS TOTALLING ABOUT 114,000 DOLLARS, LOANS FOR LAND PURCHASES AND OTHER EXPENSES TOTALLING 7 MILLION DOLLARS, STARRETT'S

GUARANTEE OF THE 40 MILLION DOLLAR CONSTRUCTION LOAN, AND PAYMENTS UNDER SERVICE AGREEMENTS (TO BE INSURED AGAINST INCONVERTIBILITY ONLY) WHICH MAY TOTAL 23 MILLION DOLLARS OVER THE LIFE OF THE PROJECT.

4. STARRETT REPRESENTS THAT PROJECT ENJOYS ENTHUSIASTIC GOI SUPPORT AND WILL MAKE AN IMPORTANT CONTRIBUTION TO

ALLEVIATING SEVERE HOUSING SHORTAGE IN TEHRAN. STARRETT APPEARS CONFIDENT THAT GOI APPROVALS FOR OPIC INSURANCE WILL BE FORTHCOMING. PRELIMINARY INFORMATION SUGGESTS THAT DEVELOPMENTAL EFFECTS COULD BE VERY BENEFICIAL TO IRAN.

5. IN ADDITION TO EMBASSY'S GENERAL ASSESSMENT (INCLUDING ANY UNUSUAL RISKS ANTICIPATED), OPIC WOULD APPRECIATE SPECIFIC COMMENTS WITH RESPECT TO WHETHER, UNDER EXISTING LAWS OR LIKELY FUTURE MEASURES, THE PROJECT AND THE COMPANIES INVOLVED WILL BE SUBJECT TO (1) PRICE

CONTROLS ON SALES OF CONDOMINIUM UNITS AND (2) REQUIREMENT FOR EVENTUAL 49 PERCENT IRANIAN PUBLIC OWNERSHIP OF STARRETT'S IRANIAN AFFILIATES.

6. REPLY REQUESTED BY COB NOVEMBER 14. KISSINGER

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